standards, and I call on Secretary Cohen to reject this and any other proposal that would compromise the integrity of this nation's military forces.

Mr. President, I yield the floor, and I again thank my friend from Minnesota, Senator GRAMS, for his kindness and courtesy.

Mr. GRAMS. I thank the Senator.

Mr. President, I ask unanimous consent that I be allowed to speak for up to 45 minutes.

The PRESIDING OFFICER. Is there an objection? The Chair hears none, and it is so ordered.

Mr. GRAMS. Mr. President, I want to make three separate statements, one dealing with Social Security, looking at the background and the history of the program as we move toward possible debate on change and reforms. Also, a statement supporting Senator SHELBY on his amendment dealing with CRA and small banks. And also a brief statement on the Government Shutdown Prevention Act, which is aimed at trying to pass legislation that will prevent the Government from shutting down in the future even if Congress cannot reach an agreement on budget or appropriation matters.

SOCIAL SECURITY AND THE GENDER/RACE GAP

Mr. GRAMS. Mr. President, in my continuing series of statements on the troubled Social Security program, I have discussed the history of Social Security, the program's looming crisis, and the old-age insurance reform efforts undertaken by other nations.

Today, I want to discuss an aspect of Social Security that often gets distorted in the reform debates going on throughout this great nation.

It is the issue of how the current Social Security system puts women and minorities at a greater financial risk and disadvantage than other retirees face today.

We must address the questions of how these Americans will fare under any reform of the current system, so we can empower them with the ability to have a more secure retirement future than that which Social Security promises today.

First, it is essential to understand why these Americans were put at a disadvantage in a system supposedly established to help them. To do that, we must go back to the beginnings of the Social Security program.

When Social Security was first enacted in the 1930s, the discriminative elements were inherently built into the system. Professor Edward Berkowitz of George Washington University has done excellent research on this subject.

According to his studies, policy makers taking part in the first Social Security advisory council freely indulged in racial and sexual stereotypes. They made a widow's benefit equal to only three-quarters of the value of a single man's benefit.

Their rationale for the decision was, according to one member, that a ''widow could look out for herself better than the man could.''

Douglas Brown, the chairman of the advisory council, even suggested that a single woman could adjust to a lower budget ''on account of the fact that she is used to doing her own housework whereas the single man has to go to a restaurant.''

Another example of Social Security's inherently discriminative nature is that domestic workers were not covered by Social Security when the program was set up.

One early policy maker explained that it was difficult to collect contributions from the ''colored woman . . . who goes from house to house for a day's work here and a day's work there.''

Clearly, things were different then.

At that time, most women stayed home, and only 6 people out of 10 reached age 65.

Despite the fact that the Social Security program provided an opportunity to redistribute income from wealthier individuals to low-income retirees—an effort to help provide assistance to those less fortunate—the inequality of women and minorities was never adequately addressed.

In fact, the disparity has grown under the current Social Security system.

The profile of today's retiree is quite different than it was in the 1930s and continues to change.

More women today are working outside the home, less than half of America's working women receive pensions today, life expectancy is increasing, while minority populations continue to grow in number.

But our Social Security system has failed to make the needed adjustments. As a result, financial gender and racial gaps are growing larger for those retired or nearing retirement. Women and minorities are suffering under the current Social Security system.

For women and minorities, average income continues to remain low. This means there is less money available to personally save for one's own retirement.

Furthermore, payroll taxes have increased 36 times over the last 27 years, forcing families to squeeze more out of less take-home pay.

According to the Heritage Foundation, today's payroll taxes consume as much of the family budget as do costs for housing, and nearly three times more than annual health care.

So it is not surprising that growing numbers of women and minorities are becoming increasingly dependent upon their Social Security checks. If we are going to successfully raise their quality of life once they reach retirement age, we must begin to look outside the proverbial box today.

Mr. President, I would like to begin by focusing on women, since they are disproportionately dependent upon Social Security. There are a number of factors that create this reliance.

While we can rally around the idea that our Social Security system is supposedly ''gender neutral,'' issues such as income levels, years out of the workforce, and marital status all impact a woman's retirement security.

At the forefront of the issue is the fact that women tend to outlive men, just as they have been doing for the past 500 years. With today's retirees beginning to collect benefits at age 65, it is not unlikely for a woman to spend nearly one-fourth of her life on Social Security.

And because women statistically receive lower benefits than men, typically have fewer saving, and are less likely to have a pension, it means they are forced to live longer on less.

We are finding that a retirement security system that was termed a success in the past threatens future female retirees the most.

Over the past few decades, women have made great progress in the workplace.

Today, there are more women working at higher-paying jobs. But according to the General Accounting Office, the labor force participation rate for women aged 25 to 34 remains at 75 percent, and only four-fifths that of men.

Further complicating the issue is that when women do work, 25 percent work part-time. There are a variety of reasons for this, including the fact that women are more likely to take time off for family reasons.

However, it leads to fewer opportunities for benefit coverage—including pensions—and lower earnings, and ultimately, less reserve money to save for themselves and their future.

Today, the average female retiree earns approximately $621 per month, compared to her male counterpart at $810 per month.

The formula used to calculate benefits for women, as well as men, assumes the highest 35 years of earnings. Today, nearly 75 percent of women earn $25,000 or less. For those years an individual is out of work—for instance, taking time off to raise a family or care for an ailing loved one—the salary is counted as ''zero.''

In addition, any length of time less than 35 years of working count as ''zero'' earnings. As a result, the median number of years with ''zero'' earnings for workers turning 62 in 1993 was 15 years for women, compared to only 4 years for men.

This means nearly half the years being considered in the benefit formula for women are counted as ''zero'' earnings years and the average salary for earning years is $25,000 or less.

Currently, there are some advocating the benefits formula be raised to 38 years.

While the number of working women continues to grow, the Social Security Administration's own projections reveal that only 30 percent of female retirees in 2020 will have 38 years of earnings—compared to about 60 percent of their male counterparts.

This is extremely detrimental to unmarried women who either divorced before 10 years of marriage or never married, because their benefit calculations are exclusively dependent upon their own earnings calculations.

And currently, the poverty rate for elderly divorced, separated, or never-married women is the highest of any group—nearly 30 percent.

But marriage in and of itself doesn't always improve a woman's situation.

In fact, 64 percent of all elderly women living in poverty are widows. This is because when a spouse dies, the widow's benefits are reduced by up to one-half. Meanwhile, statistics show that to live alone, a widow requires at least 75 percent of what it costs as a couple.

Furthermore, if a widow has yet to reach age 65 when a spouse dies, and has no dependent children, she is not entitled to any survivor benefits. Thus, without private savings, the benefit reduction leaves most widows financially unprepared for retirement.

Let me share with you the real story of two women. Susan of Colorado made an annual income of $20,000, and she paid the 12.4 percent payroll tax into the Social Security system from each of her paychecks while raising kids, sending them to schools, and seeing them married.

But when Susan died at age 64, she left nothing from Social Security for her children.

Joan of New York, a 46-year-old homemaker, never worked outside the home after being married, and instead chose to raise her children.

Her husband was self-employed, and paid a 15.3 percent payroll tax into the Social Security and Medicare programs. When Joan's husband died of a heart attack at age 49, all she received from Social Security was $200 for his funeral.

Since she has no skills to help her find a job, no savings, and gets no help from Social Security despite the thousands and thousands of dollars her family poured into the system, Joan is now helpless and suffering from depression.

I then ask if the system is so harmful to women, why are there so many out there arguing against change? How can we sit back and hold women hostage to a program for nostalgia's sake?

I would argue we cannot, and it is our job to ensure that every woman has an opportunity to live out her golden years in financial security. And I agree we must dispel the ''myths'' that threaten efforts to improve women's retirement security.

One fact-based ''myth'' is that because women may feel less confident about their retirement security, we will be unable to change it for the better.

First and foremost, it is critical to ensure that current and future beneficiaries remain unaffected by any change to the Social Security program if they choose to stay with the traditional system. We made a covenant with our older Americans and have a responsibility to protect them from any uncertainty during the transition from a pay-as-you-go system to a future funded one.

But we also have a responsibility to future beneficiaries to clearly notify them that without dramatic change to the system, they will not receive adequate benefits from Social Security.

They are more likely to see reductions in alternative means of savings as a result of the economic impact of the system going bankrupt. Because women are living longer than men, they are most likely to experience the hardship longer.

As Members of Congress, we owe it to women to preserve and improve their retirement security.

The next fact-based ''myth'' is that because women are less likely to take financial risks, their earnings may be less than their male counterparts under a market-based system.

It is true, statistically, that women have historically invested more conservatively than men. Furthermore, women may have less invested in outside accounts than men.

But it is interesting to note that according to the National Association of Investors Corporation, all-women investment clubs earn higher returns than all-men clubs do. Who says women cannot make financial decisions?

Even under the most conservative investment strategies, such as super-safe U.S. Treasury Bonds, women fare better than they would under the current system.

According to a recent Cato Institute study, if women retiring in 1981 were provided the opportunity to invest their savings in personal retirement accounts with earnings sharing, the average single woman could expect to receive 57.9 percent more in retirement benefits and the average female divorcee could expect 67.2 percent more.

The average widow could expect 96.5 percent more, nearly double the benefits than under Social Security. The average wife could expect to receive 207.5 percent more than under the existing Social Security program.

While the National Center for Women and Retirement Research has found women may feel less confident about making financial decisions, there is no reason to believe women lack the skills to understand the challenges and long-term benefits of investments. Pension experts agree that education is a critical factor in helping individuals make better investment choices, and the GAO has found evidence that investor education can help to alleviate the problem.

So even though some advocates of the status quo argue men may fare ''better'' than women under a market-based system, I believe they are missing the point that both would fare better than they do under the current system. It appears as though some would prefer ''equality'' in misery than the potential for some ''inequality'' at a much higher standard of living for all. Furthermore, there is nothing to show that women retirees could not fare better than men, even though, statistically, they are not doing so now under the current system.

One of the most troubling fact-based myths is that the current system protects women from running out of benefits before they die more than a personal retirement account would. The premise is that since women live longer than men do, they will need benefits longer. Under the current system, retirees are promised benefits until death, even though on average, they exhaust their contributions within the first five years of retirement. In a system of personal retirement accounts, benefits would be based upon one's own contributions, the age at which one retires, and the performance of their account.

It is true that women, again, tend to outlive men. And yes, it is true that an independent study found women are more likely than men to spend a lump sum distribution from a defined contribution plan. However, that should not imply that women could not be trusted with a private savings account. In fact, that same study showed women are equally as likely as men to rollover lump sums from a defined benefit plan into an IRA, or to save and invest the money. We must also remember these studies are based upon the current situation, where these men and women anticipate uninterrupted benefits from Social Security.

In the future, however, if the current system remains unchanged, a maximum of 75 percent of the current benefit level will be available to retirees. In other words, future retirees could expect to lose 25 percent of retirement benefits. Once the IOU's that now make up the Social Security trust fund begin being cashed in, the economy will suffer, employment rates may suffer, taxes may need to be raised, and the ability for an individual to prepare for the reduction in Social Security benefits will be significantly reduced.

Mr. President, I would say to those arguing for the status quo that urging women to hold out for some future promise of benefits that are not likely to be there is folly. And in fact, holding out will likely leave women increasingly dependent upon their benefits at the same time those benefits are being reduced.

But as I mentioned earlier, women are not the only individuals being misled by some in the debate. Race continues to be an important factor in determining the retirement security for some Americans. Retirement studies similar to those that focus on women have looked at minority workers, and I would like to briefly touch on the Hispanic and African-American populations.

By all accounts, the Hispanic population is relatively youthful. However, as the Social Security system approaches insolvency and the rate of return on these workers' investments declines, Hispanics will be forced to bear a disproportionate share of that growing financial burden. The Census Bureau estimates that by the year 2050, Hispanics will make up nearly 25 percent of the work force, compared with only 11 percent last year. This will come at the same time tax rates, if the system stays the same, will need to be increased to cover the bankrupt trust fund. Some have estimated that the tax rate increase would have to be nearly 40 percent by then to cover benefit expenses—40 percent first for Social Security expenses. Such a tax burden promises to severely hamper the ability of young Hispanics to save for themselves.

But what do all those numbers mean? The Heritage Foundation did a model of a Hispanic community. They assumed 50,000 people lived there—all families of four made up of dual- income 30-year olds with two kids. By forcing these families to throw their payroll taxes into the Social Security system, the analysts estimated the community, as a whole, lost $12.8 billion in 1997 dollars over what it could have earned had they invested in a conservative portfolio. This small minority community, in effect, lost nearly half—this is just this small community—lost nearly half what the federal government spends on food stamps or education for this entire Nation!

But if an Hispanic couple from that community were able to take the dollars they would be required to pay into the current Social Security system and instead invest them in a portfolio, the outcome would have been remarkably different. Under the current system, the couple could expect about $420,000 in exchange for a lifetime of contributions. But with a conservative portfolio comprised of 50 percent U.S. Treasury Bonds and 50 percent blue chip equities, that same couple could nearly double their benefit to $767,000 in today's dollars. Treasury Bonds alone would yield over $100,000 more in benefits. That means this family would have enough to convert their benefit to an annuity paying out exactly what Social Security promised and still have more than $200,000 left over for any expenses —long-term health care or even just passing along to their children—something impossible under today's Social Security system.

The findings within the African-American community are similarly stunning. Like single Hispanic males, single African-American males have a lower life expectancy and are especially disadvantaged by the current Social Security system. Although the system aims to transfer funds to low-income individuals, these minorities are particularly hard hit.

According to the Heritage Foundation, a low-income, African-American male born after 1959 can expect to receive less than 88 cents back on every dollar he contributes to the Social Security trust fund. This translates into a lifetime cash loss of some $13,377—a loss these individuals can hardly afford Not a gain on their investment, but an actual loss on their investment. If we allowed that same male to invest his Social Security taxes in T-bonds, he would receive a post-tax increase in his lifetime income of nearly $80,000.

African-American women are similarly disadvantaged by the current system. Enabling a 21-year-old single mother to invest her payroll taxes into low-risk/low-yield government bonds, rather than the Social Security system, would more than double her rate of return. That means this woman could expect to get back $93,000 more, after taxes, than she would under the current system. And with a little risk, the numbers could even more than double.

Mr. President, many solutions have been proposed to stave off the impending Social Security trust fund crisis: raising retirement ages, increasing payroll taxes, decreasing benefits—the list goes on. But we cannot forget that those choices will only exacerbate a problem that is already becoming progressively worse. Such proposals put at greatest risk those the system was aimed to help the most.

When our Founding Fathers created this great Nation, they declared each American had the right to life, liberty, and the pursuit of happiness. If we continue on our present track with the current Social Security system, we are truly undermining those principles. Sentencing women and minorities to a retirement life of poverty is unfair. The threat of raising payroll taxes by nearly 40 percent to fund a bankrupt retirement system threatens to steal away our children's liberty. And turning our backs on the reforms we have the power to undertake—reforms that will truly revive our ailing system—steals away every American's right to pursue happiness. Mr. President, rather than scaring women and minorities away from the options we have before us, let us give them the freedom that comes with personal retirement choices, the peace of mind that retirement security provides, and the ability to lead a better life in retirement than the one they are being promised today.

CREDIT UNION MEMBERSHIP ACCESS ACT

Mr. GRAMS. Mr. President, I want to talk a little bit, as I mentioned earlier, on an amendment offered by Senator SHELBY dealing with the CRA.

I take a few moments today to rise in support of the amendment offered by the Senator from Alabama and urge my colleagues to support it as well.

Senator SHELBY's leadership on this issue is well-established and he should be commended for his perseverance, even in the face of fierce opposition by some of his colleagues and the Clinton administration.

Mr. President, this amendment is a simple and appropriate step to removing an inappropriate and unnecessary burden from our Nation's small banks and thrifts. The amendment exempts small banks and thrifts, under $250 million in assets, from the grasp of the Community Reinvestment Act, or CRA.

I am sure that some of my colleagues may come to the floor and argue that the Federal banking regulators have taken steps to remove the burdens from banks, and thus, this amendment is unnecessary. Although I commend the regulators for easing the burden of CRA, this contention does justify the appropriateness of the underlying arguement that government-mandated credit allocation is inappropriate. As we have seen most recently in Asia, when the government mandates that the private markets allocate their resources in set ways—capital in this case—the results can be disasterous.

I think there are three arguments which must be considered regarding Senator SHELBY's amendment.

The first is, What was the justification for enactment of CRA in the first place? The Community Reinvestment Act was enacted in 1977 in response to rumors of redlining in the banking industry. The debate at that time shows that supporters felt there were three factors justifying enactment, and they are: first, that banks enjoy a semi-exclusive franchise—due in part to interstate banking restrictions and activity restrictions on competitors such as thrifts and credit unions; two, that the government limits competition within the banking sector by limiting interstate banking and limiting the acitivities of competitors such as credit unions and thrifts; and, third, that the Government restricts the cost of money to banks through interest rate caps on savings accounts and a prohibition on paying interest on demand deposits. If these three points, as the record shows, truly were the justification for imposing CRA on banks, the authors would certainly have to reconsider their action in light of the current environment facing banks.

Banks no longer enjoy the limited competition they did in 1977. The Reigel-Neal Interstate Banking and Branching Efficiency Act of 1994 opened the doors to interstate banking, thus providing competition not only among banks within a state but with banks across the country as well. Also, the bill we are considering today will throw open the doors of competition to another set of competitors—credit unions—which will be able to add any group of individuals they choose, limited only by its size. Also, these two examples I have just explained do not take into account all of the non-bank financial services which have evolved and expanded since 1977—including money market accounts, mutual funds, and deposit-like insurance products.

Banks also no longer enjoy protection against set costs which had been